Remarks of
Jonathan S. Adelstein
Commissioner, Federal Communications Commission

Freedom to Connect 2007
Silver Spring, Maryland
March 5, 2007

[As prepared for delivery]

I'd like to thank Ron Sege very much for that kind introduction. I was very impressed when I saw Ron's company in action in San Mateo, California, and its efforts to help spur broadband deployment are a model of what I want to discuss today.

I also want to thank David Isenberg for inviting me to be here today. Over the past few years, David has used this event to bring together an innovative group that is dedicated to the deployment and creative use of new technologies. And I'm personally glad that he always manages to tap into the creative use of music – today by inviting my former teacher and friend Howard Levy to grace us with his abundant talent. The good news for you is that I'll keep my remarks shorter because I'd rather hear him than me – as all of you should, too.

One thing that makes this event special is that it is focused on the users of the Internet. And that's important because the Internet has opened up a world of possibilities that continues to blossom. Today, I'd like to talk about how to maximize that potential by truly preserving and expanding our freedom to connect. We can best do that by helping all our citizens, and especially our schoolchildren, remain connected by promoting the E-rate; by establishing a real national broadband strategy; and by preserving Internet freedom for everyone in this country, no matter how rich or poor they may be.

E-Rate

First, the E-rate, because it's important to remember how far we've come. Just 15 years ago, a handful of policymakers were peering into the future of the Internet and saw its possibilities. Leaders like Sens. Rockefeller, Snowe, Kerrey, and Exon, and Congressman Markey envisioned how the Internet could change the way that our kids learn and the way that our communities connect. As a result of their efforts, Congress developed the E-Rate program, which Reed Hundt and others at the FCC implemented. And let me commend Reed for pushing to ensure that the program could reach its full potential.

Just last week, we celebrated the E-Rate's 10th anniversary. While the initiative faced enormous opposition and doubt ten years ago, today, most everyone recognizes its phenomenal success. Our schools jumped from only 14% wired in 1996 to 94% wired today. It now seems like common sense to keep our school and libraries connected, but it wasn't always seen that way.

We need to capitalize on this success while continuing to improve the program. We have made a number of good decisions over the past year that should make the program work better, but there is

more that we can do to ensure that our schools and libraries get the increased bandwidth they need to run the most cutting edge applications and software. Waiting for slow downloads and using systems that don't support cutting edge software isn't like driving old classic cars. Our kids can't be relegated to yesterday's technology if they are to keep getting the tools they need to succeed.

Broadband

E-Rate is one component of a national approach but, right now, we lack a coordinated vision for success. Americans should have the opportunity to maximize their potential through communications, no matter where they live or what challenges they face. We need to provide for all of our neighbors, including those in rural, insular and other high-cost areas, as well as Native Americans, residents of our inner cities, minorities, those with disabilities, non-English speakers, and low-income consumers.

This must be a greater national priority than it is now. An issue of this importance to the economy and the success of our communities warrants a coherent, cohesive, and comprehensive strategy – one that seriously addresses our successes and failures, and strives to improve our broadband status.

Virtually every other developed country has implemented a national broadband strategy. Even though we have made strides, I am concerned that the lack of a comprehensive plan is one of the reasons that the U.S. is nevertheless falling further behind our global competitors.

Each year, we slip further down the regular rankings of broadband penetration. More troubling, there is growing evidence that citizens of other countries are getting a much greater broadband value, in the form of more megabits for less money. According to the ITU, the digital opportunity afforded to U.S. citizens is not even near the top, it's 21st in the world. This is more than a public relations problem. It's a productivity problem, and our citizens deserve better.

We must engage in a concerted and coordinated effort to restore our place as the world leader in telecommunications by making affordable broadband available to all our citizens. A true broadband strategy should incorporate benchmarks, deployment timetables, and measurable thresholds to gauge our progress. It is not enough to rely on poorly-documented conclusions that deployment is reasonable and timely.

We need to set ambitious goals, shooting for real high-bandwidth broadband deployment. We should start by updating our current definition of high-speed of just 200 kbps in one direction to something more akin to what consumers receive in countries with which we compete, speeds that are magnitudes higher than our current definitions.

Further, we need much more reliable data than the FCC currently compiles so that we can better ascertain our current problems and develop responsive solutions. Giving consumers reliable information by requiring public reporting of actual broadband speeds by providers would spur better service and enable the free market to function more effectively.

We must re-double our efforts to encourage broadband development by increasing incentives for investment, because we will rely on the private sector as the primary driver of growth. These

efforts must take place across technologies so that we not only build on the traditional telephone and cable platforms, but also create opportunities for deployment of fiber-to-the-home, fixed and mobile wireless, broadband over power line, and satellite technologies.

We must work to promote meaningful competition, as competition is the most effective driver of lower prices and innovation. We can't let the U.S. broadband market stagnate into a comfortable duopoly, a serious concern given that cable and DSL providers control 98 percent of the broadband market. I've been concerned about the adequacy of the FCC's analysis in its consideration of recent mergers and forbearance petitions. We've got to continue to promote competition and remain vigilant about the potential impacts of increased consolidation in these markets.

There also is more we can do, outside of the purview of the FCC, such as tax incentives for companies that invest in broadband to underserved areas; better depreciation rules for capital investments in targeted telecommunications services; providing adequate funding for Rural Utilities Service broadband loans and grants; investing in basic science research and development to spur further innovation in telecommunications technology; and improving math and science education so that we have the human resources to fuel continued growth, innovation and usage of advanced telecommunications services.

Promoting the availability of affordable broadband will also mean being creative and flexible in our approaches. Some have argued that the reason we have fallen so far in the international broadband rankings is that we are a more rural country than many of those ahead of us. If that is the case, we should strengthen our efforts to address any rural challenges head-on.

We have got to make broadband truly affordable and accessible to everyone, even if that means communities tapping their own resources to build broadband systems. As voice, video, and data increasingly flow to homes and businesses over broadband platforms, voice is poised to become just one application over broadband networks.

So, in this rapidly-evolving landscape, we also must ensure that universal service evolves to promote advanced services, which is a priority that Congress made clear. Congress can help by ensuring the broadest and most stable possible source of funding for universal service.

We also need to encourage and support the effort by the large incumbent local exchange carriers to deploy new systems capable of delivering high-quality video services. This could be one of the most important developments in competition we have seen in many years. Although I believe the Commission overstepped its authority in its recent *Section 621 Order*, I do believe that legally sustainable franchise reform might to a small degree improve the atmosphere for investment. More critical is the need to ensure new entrants can continue to get fair access to programming from vertically-integrated competitors such as large cable companies. We will need to renew our program access rules, which are currently scheduled to expire October 5, 2007.

Wireless Broadband

One of the best options for promoting broadband, particularly in rural areas, and providing new competition all across the country, is maximizing the potential of spectrum-based services. Instead of the third "pipe," this holds promise as the third "channel" to challenge DSL and cable modem.

We are reminded of the power of spectrum on a daily basis. Last year, the New York Times ran a compelling article about the efforts of local communities to fill broadband service gaps in their neighborhoods. The story included a number of organizations who have banded together to launch what they call the Connecting Rural Ohio Wireless Neighborhood Project. It is deploying broadband to underserved communities in Ohio's Appalachian southeast. This area has been particularly hard hit by factory closings over the past several years. It suffers from a poverty rate approaching 20 percent.

In their most recent deployment in Chesterhill, Ohio, the team installed a satellite backbone connection on the roof of the town library. Almost a dozen computers in the library are directly connected to the satellite system through a LAN inside the building. The team also connected to the satellite backbone a Wi-Fi network which transmits throughout the town.

The broadband connectivity allows the project to provide educational services and job training opportunities to adults in the community and provides a valuable resource to police, fire, libraries, and other community services. The bottom line is that the broadband connection improves the quality of life and standard of living for a community desperately in need of economic development.

Our job at the FCC is to do whatever we can to promote spectrum-based opportunities like this in the future. To get there, I'm continually evaluating the FCC's service and construction rules to ensure that our policies don't undercut the ability of wireless innovators to get access to new or unused spectrum. I've advocated a carrot and stick approach. We want to promote flexibility and innovation, but since the spectrum is a finite public resource, we want to see results as well.

For example, I personally worked with Sprint and Nextel to secure significant build-out commitments from the companies for the deployment of services in the 2.5 GHz band in association with their merger. The companies provided a specific schedule of implementation milestones that signal a commitment to deploy to at least 30 million Americans across 20 markets, both large and small. The infusion of capital into this market should stimulate product and service offerings that ultimately will benefit both the commercial and educational segments of the 2.5 GHz industry.

Similarly, I put a strong emphasis on promoting the availability of affordable broadband services through our review of the AT&T-BellSouth merger. In addition to AT&T's commitment to provide broadband services to 100% of their territory by the end of 2007, we made substantial additional progress toward increasing consumer access to wireless broadband. I was particularly pleased that AT&T committed to jumpstart service in the under-used 2.3 GHz band by agreeing to a specific construction commitment over the next three and a half years.

In addition, the applicants committed to divest 2.5 GHz band licenses held in the southeast, which will lead to the deployment of wireless broadband services in this market in direct competition to the newly formed company.

I've also advocated for flexible licensing approaches that make it easier for community-based providers to get access to spectrum – like the rules we adopted to make spectrum in the 3650 MHz band available for new wireless broadband services. Our innovative hybrid approach makes the spectrum available on a licensed, but non-exclusive, basis. I've spoken with representatives of the Community Wireless Network movement, and they are thrilled with this decision and the positive impact it will have on their efforts to deploy broadband networks in underserved communities around the country.

Of course, only time will tell if some of the decisions we've made result in efficient use of these spectrum bands. But I think that given the power of wireless broadband networks, we are on the right track, and our creative spectrum management approach is well justified.

But we can't rest on our laurels. While we have made some progress recently, the FCC must do more to ensure that we push the leading edge of spectrum and policy. For example, for the past few years, I've been advocating for a more aggressive spectrum management policy in the event that market-based mechanisms still result in unused spectrum.

We cannot afford to let spectrum lay fallow. If, after so many years, licensees do not plan to use or lease the spectrum they acquired in rural and other unserved areas, they should let someone else have access to it.

So I was very pleased with our recent NPRM seeking comment on possible changes to the service rules governing licenses in the 700 MHz band. Over four years have passed since the service rules and band plans were first adopted for this spectrum so our decision was more than timely.

The NPRM sets up an important discussion to ensure that the 700 MHz band is quickly and efficiently put to use so that parts of the spectrum do not remain an untapped well for the thirsty. I was particularly pleased that our item seeks comment on whether we should revise performance requirements for licensees in the 700 MHz band.

The 700 MHz NPRM also seeks comment on the size of the current service areas and of the current spectrum blocks. If we want to see better and more advanced wireless service in the future, we need to make spectrum more easily accessible and a change to the license dimensions may make sense. The 700 MHz band should be a real opportunity for new and incumbent carriers to expand existing networks and develop new and exciting wireless broadband services for all communities.

An Open Internet

Another core feature of a national broadband strategy must be a commitment to preserve the freedom and openness that are the hallmarks of the Internet. Folks like Tom Friedman have done such a wonderful job explaining the importance of the Internet and broadband from an economic perspective.

But broadband affects us in many other ways, too. Freedom to connect includes the freedom to be creative. And collaborative. And charitable. This conference is about harnessing not just the power of the communications tools but the power, talents, and capabilities of the users. The Internet is so special because it enables those with unique interests and needs, or with a unique cultural heritage, to meet and form virtual communities the likes of which have never been seen before. You all are re-inventing the way we practice democracy, share music, design fashion, and so many other aspects of our lives. That's why the discussion of Internet freedom has become so important.

The Internet has evolved in a way that has empowered consumers – as citizens and as entrepreneurs. And you are increasingly creative in the way that you use these new technologies.

It is critical that we work to preserve the Internet's open and neutral character, maximizing its potential as a tool for economic opportunity, innovation, and so many forms of civic, democratic, and social participation. While the Commission has taken important steps by adopting an Internet Policy Statement, we need to establish more comprehensive approaches to maintaining freedom on the Internet.

We took one small step in the recent AT&T-BellSouth merger. Whether it serves as a giant leap forward remains to be seen. We were able to work with the applicants to ensure that they maintain neutral network and neutral routing in the provision of their wireline broadband Internet access service. This provision was critical for my support of this merger and can serve as a "5th principle," ensuring that the combined company does not privilege, degrade, or prioritize the traffic of Internet content, applications or service providers, including their own affiliates.

The precise contours, scope, and exclusions in the AT&T condition reflect compromise and a predictive judgment about how to preserve the most attractive features of the Internet as it exists. They are not likely to be the last words on net neutrality. But I hope that they will better inform the discussion about how we can practically achieve our twin goals of an open Internet and promoting broadband deployment. It should put an end to the debate about whether net neutrality can be defined. It now has been, in a least one context. And, we should be clear that preserving the vibrant quality of the Internet and promoting high speed access to the Internet are not mutually exclusive choices. These goals can go hand-in-hand.

Conclusion

Last year, your conference helped jump start the debate about the importance of net neutrality. This year Congress seems poised to put this issue at the front and center of their agenda. So, I encourage you to stay active and stay involved.

Thanks again for including me in this year's program, and I'm happy to answer a few questions -- as long as we leave some time for Howard to play!